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HISTORICAL DEVELOPMENT OF STEAMSHIP AGREEMENTS AND CONFERENCES IN THE AMERICAN FOREIGN TRADE

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The scope of this article is confined to a discussion of the development of agreements and conferences entered into by the steamship companies engaged in the foreign trade of the United States. These companies furnish today the greater portion of the tonnage required to move the vast export traffic of this continent. The evolution of the different services into the powerful position occupied by them today affords an interesting study presenting innumerable instances of lines falling by the wayside, history alone remaining to tell the tale of disappointed hopes and wasted endeavors. Those lines which have survived, together with many new enterprises, share today in overwhelming proportion the export traffic of the United States. This traffic logically divides itself into three distinct groups, and for the purpose of this article it is desirable to consider the subject from the standpoint of each separately. The three groups may be stated as follows:

Group I. The trans-Atlantic trade covering all ports in Europe bordering on the Atlantic Ocean, the North Sea, the Baltic, the White Sea, and the Mediterranean, as well as ports in Asia on the Mediterranean and the Black Sea.

Group II. The long-voyage trade, covering Africa, excepting Mediterranean ports; Asia, with the exclusion of the ports on the Mediterranean and the Black Sea; South America, east and west coast, but excluding the most northern part of it; and Australia and New Zealand.

Group III. The Caribbean trade, covering the Bermudas, the West Indies, Central America, Mexico, Colombia, Venezuela and British, Dutch and French Guiana.

Steamship Services Comprising Group I

The epoch-making period of trans-Atlantic steam navigation dates from about the middle of the last century. Previous to this date transportation across the Atlantic both for goods and passengers was supplied exclusively at first by irregular sailing ships and later by the well known lines of packet vessels. These packet lines remained in the trans-Atlantic trade until after the Civil War, but in the meantime the development of steamship lines had been rapid and a large number of services were established to various British and continental ports. As early as 1858 there were 31 steamers aggregating 57,000 tons engaged in the trans-Atlantic trade. The formation of the most important steamship services, all under the foreign flag, occurred between the years 1855 and 1866. The White Star Line, however, did not start its Liverpool service until 1870, and during the seventies and eighties many additional services under separate and distinct companies and to different ports were created. Some of these developed rapidly, while others disappeared because of their inability to maintain their position in competition with their stronger and better equipped rivals. It may be stated that few new enterprises to the northern part of Europe were undertaken after 1890; at least the few lines started since that date have played no important part in the general expansion of the steamship trade. On the other hand, the established companies have continually added types of vessels to their existing services which as regards capacity, speed, comfort and safety, have no rivals in any of the other services of the world. The traffic between the United States and the Mediterranean ports received its strong impetus only when the tide of immigration changed from the more northern countries to those of the southern parts of Europe, and the development of these services is, therefore, of more recent origin.

The first of the aforementioned three groups may be conveniently divided into a number of sub-divisions. Thus, for example, the lines operating to British ports are in close competition with each other since the port merely serves as the gateway through which both passengers and the goods pass to their final destination. Liverpool is in close competition with London and Glasgow, and vice versa. The same conditions apply in most other instances and probably more forcibly in connection with the various ports of the

Continent. In the other groups each port largely controls its own trade, and interior transportation by rail and water is not as finely developed as in European countries, thus limiting competition to the respective ports.

It would extend the scope of this article too far to deal minutely with the various services of each group in order to illustrate the historic development of the different lines. It will suffice to select the leading ports of each group in order to demonstrate how steamship agreements and conferences have been brought into existence through strong competition and the survival of the lines best fitted to furnish the service. In this connection we will consider mainly the services established from New York, as this port has maintained the commanding position it occupied during the period of the sailing vessel packets, and in many instances controls the lines running from the other ports.

In a consideration of group I, the trade between the United States and the port of Liverpool is unquestionably the largest of them all. Shortly after the early experiments with steamers crossing the Atlantic, Samuel Cunard being convinced of the advantage which would accrue to both countries from the adoption of a regular communication by steam, went to England and together with Mr. George Burns, of Glasgow, and Mr. David McIver, of Liverpool, founded early in 1839 the British and North American Royal Mail Steam Packet Company, and signed a contract with the British government for the conveyance of the mails between Liverpool, Halifax, Boston and Quebec. For this service they built four steamers and started the line on July 4, 1840, and by 1850 the fleet had been increased to twelve steamers, at which time the Collins Line, subsidized by the United States government, started a competing service to the Cunard Line. Owing largely to the severe competition as regards both passengers and freight which followed, the Collins Line was forced to discontinue its service in 1858, but the Cunard Line continued to prosper and further notable additions to its fleet from time to time have placed it in the eminent position it occupies today.

The Liverpool-New York and Philadelphia Steamship Company, better known as the Inman Line, was started in 1850 and with two vessels maintained a regular service between Liverpool and Philadelphia. The fleet was gradually increased, until in 1857 the Inman

Line started a fortnightly service from New York which in 1860 was increased to once a week, in 1863 to three times a fortnight and in 1866 to twice every week during the summer months. The Inman Line was finally bought by American capitalists in 1886 and continued to operate as the Inman & International Steamship Company until 1893, when it was changed to the International Navigation Company of New Jersey. In the same year the steamers *City of New York* and *City of Paris* were put under the American flag, as the *New York* and *Philadelphia*, and later the *St. Louis* and *St. Paul* were added to the service. The rates of freight for Liverpool were unsatisfactory, and other unfavorable circumstances induced the company in February, 1893, to transfer the Inman Line service, now called the American Line, to Southampton, to which port it has operated ever since. The International Mercantile Marine Company was formed in 1902 as a consolidation of a number of important and distinct steamship enterprises, including the International Navigation Company of New Jersey.

The successful operations of the Inman Line encouraged others to invest their capital in steamship enterprises and a number of new services were started in rapid succession. The National Steam Navigation Company formed in 1863, inaugurated a service from Liverpool and eventually extended its operations by establishing a line from London, but strong competition with the existing services and adverse business conditions prevented the company from obtaining a foothold in the trade, and in 1896 it was purchased by the Baltimore Storage and Lighterage Company, the predecessor of the Atlantic Transport Company.

Mr. S. B. Guion, of New York, the chief owner of the Guion Line of sailing ships, realized as early as 1863 that he could no longer control his traffic by his sailing ships, which induced him at that period to forward his passengers and cargo by the Cunard and National Lines until 1866 when he decided to start a service of fast steamers from Liverpool to New York. A long and serious depression in the steamship trade followed and in 1874 the Guion Co. sold several of its steamers. Upon a partial revival in the trade in 1879 the company ordered a much larger and faster steamer than it had previously attempted to construct, and the *Arizona*, the first of all the Atlantic "greyhounds," was followed in 1881 by the *Alaska*, a

still faster boat. This vessel in 1882 reduced the time of the eastward passage to 6 days, 18 hours and 37 minutes, while in 1883 the *Alaska's* record shows a westward voyage of 6 days, 21 hours and 40 minutes. The extreme depression in freights, however, and the restrictions on immigration enacted by Congress became so severe that the vessels did not even pay their running expenses. Following Mr. Guion's death in 1885, it was decided to wind up the affairs of the company and all the steamers were laid up for sale.

The White Star Line was established in 1870 by Ismay, Imrie and Company in conjunction with Harland and Wolff, ship builders at Belfast. They started a regular passenger and freight service from Liverpool to New York, and although this line had to contend with many unfavorable circumstances, the superior construction of its vessels, no less than the great ability of its management, have procured for the White Star Line the conspicuous position which it now occupies in the New York-Liverpool and other trades. Another interesting event was the formation of the American Steamship Company, supported by interests closely connected with the Pennsylvania Railroad, which in 1873 had four steamers constructed by the Wm. Cramp and Sons Ship and Engine Building Company for the trade between Philadelphia and Liverpool, each steamer costing about \$600,000. These vessels passed into the hands of the International Navigation Company in 1884, which company, as already noted was absorbed in 1902 by the International Mercantile Marine Company. It was impossible to maintain these ships in the Philadelphia-Liverpool trade, because of their greater cost of construction and operation, and in 1898 one of the steamers was sold to the United States government, while the other three passed into the hands of parties on the Pacific coast.

While New York has maintained its position in the Liverpool trade, its neighboring ports have likewise gradually developed steamship lines running to Liverpool, and regular services are maintained from Boston, Philadelphia, Norfolk, Newport News and Baltimore. In some instances these services are operated by independent companies, while in others they are branches of the New York lines; but since the ports at which the steamers load are merely the gateways through which the goods from the interior producing points find their outlet, all the Liverpool lines practically compete with each other. The ruinous conditions which followed unrestricted

competition have long since brought about an understanding by which the traffic moves through the various ports in a regulated and efficient manner, due allowance being made for the difference in the rates from the interior points to the respective ports and the position which each service occupies. This historical sketch of the development of the Liverpool trade demonstrates conclusively that competition between the different lines operating to this port forced several of them to withdraw their services, and the New York trade is now controlled by the two remaining companies, viz., the Cunard Line and the White Star Line. These two lines furnish not only an adequate and frequent service, but the vessels used in the trade are among the largest and most efficient steamers engaged in any trade of the world.

London is the next important port of the United Kingdom to which a number of services are maintained from this country. Early in the seventies of the last century a line of steamers under the Norwegian flag, and running from New York to Bergen, called at London to discharge a portion of the American cargo, but the undertaking proved unprofitable and soon withdrew from the trade. The Baltimore Storage and Lighterage Company, organized in Baltimore in 1883, started a service from Baltimore to London, at first with chartered steamers, and in 1884 with steamers owned by Hooper, Murrell and Williams, of London. In 1886 the company built its own steamers to ply regularly in the trade between Baltimore and London and Philadelphia and London. In 1892 the New York Shipping Company, a branch of the Baltimore Storage and Lighterage Company, inaugurated a New York-London service, with four steamers; and the Atlantic Transport Company, formed in 1896 as successor to the Baltimore Storage and Lighterage Company, has ever since occupied a preëminent position in the trade between this country and the port of London.

The Exchange Shipping Company created in 1881 under the style of the Monarch Line, a service of first-class cargo steamers from New York to London. These vessels were especially built for the trade and particularly fitted to carry livestock, but unfavorable business conditions and strong competition brought about in 1887 a collapse of this company and the boats, after having been laid up for some time, were sold finally to the Allan Line and the Wilson Line. The Hill Line likewise started a service with three twin cargo

and cattle ships from New York to London in 1881, but after several years of unprofitable operation this service was discontinued and the steamers sold. The National Line, already referred to, was acquired in 1896 through purchase by the Atlantic Transport Company, and the latter likewise in 1898 became the owners of the steamers of the Wilson-Leyland-Furness Line, a combination of ownerships which had established regular communication between New York and London in 1897. The history of the London services thus shows that competition between the competing lines led either to a total collapse of the enterprise or a sale of the boats to the strongest opponent, the Atlantic Transport Company, which is now practically in control of the traffic to the port of London.

In dealing with the ports of the Continent it will be sufficient for this review to consider in detail only the four most important of them, viz., Hamburg, Bremen, Rotterdam and Antwerp. The geographical position of these ports brings them constantly into competition with each other, and while agreements and conferences have been in existence in the passenger traffic both eastbound and westbound and in the cargo traffic westbound, no such measures have been adopted for the eastbound cargo trade. Each of the ports, however, has had to contend with competing services, and it is historically interesting to give in detail the development of the companies which now occupy a predominant position in their respective ports.

Hamburg may lay claim to being the largest of this group of ports. Prior to 1847 irregular sailing vessel despatches offered the only means of transportation from Hamburg to America, but in that year the Hamburg-American Packet Company was formed and by 1853 owned six sailing vessels aggregating 4,000 tons register. In the meantime, however, various services of vessels propelled by steam were developing successfully between the United States and European ports. Private ownerships were occasionally despatching steamers to America, and in 1850 the Hamburg firm of Rob. M. Sloman sent the steamship *Helena Sloman* with passengers from Hamburg to New York. Although the Hamburg-American Line had serious misgivings for some time as to the advisability of entering without governmental assistance into competition with the steamship lines, all of which were receiving government subventions, it was finally decided in 1854 to construct two steamers, which number was increased to four in 1856 in order to furnish fortnightly depart-

tures. During the twelve years following 1860 the company prospered considerably, and when it celebrated its twenty-fifth anniversary in 1872 its fleet had increased to 25 steamers, and was then maintaining a regular weekly service to New York with extra sailings whenever traffic required the same.

Towards the close of 1871 the German Trans-Atlantic Steam Navigation Company was established to compete for the New York trade of the Hamburg-American Line. It started with a considerable capital and ordered the construction of seven passenger steamers of the most modern type. The service was inaugurated near the end of 1873 under the name of the Eagle Line, and a serious rate war followed immediately. The fight continued actively during the succeeding year and was so serious as nearly to ruin both competitors. While the Packet Company had prepared itself in advance for this warfare, the losses were so far reaching that by the close of 1874 all of its reserve funds were practically exhausted, and it closed the fiscal year with a considerable deficit. Although the position of the Packet Company was a precarious one, its opponent, the Eagle Line, had by April, 1875, completely exhausted its resources. This led to an arrangement between the two competing companies; the Packet Company bought the Eagle Line's ships and all of its other material and thereby disposed of the most serious competitor it has ever had to contend with.

The after-effects of the war with the Eagle Line, however, were felt for some years to come, and in October, 1877, the Packet Company decided to reduce its share capital from $22\frac{1}{2}$ million marks to 15 million marks, a loss of $33\frac{1}{3}$ per cent. This wholesome, although radical, measure again placed the finances of the company upon a healthy basis and after having passed its dividends for four years it was again enabled in 1878 to declare a dividend of 7 per cent. During the next five years the Packet Company developed satisfactorily, but in 1883 another strong competitor arose, viz., the Carr Line operating from Hamburg to New York with steamers carrying only steerage passengers and cargo. During this competitive struggle steerage rates were reduced to an unknown low level and the fight lasted until 1886 when an agreement was entered into with the Carr Line and the Sloman Line, the two having in the meantime amalgamated into the Union Line. This agreement precluded all future competition either in the freight or passenger traffic and

likewise offered far-reaching guarantees against new competition. At the same time an arrangement was concluded with the British lines so far as it concerned the indirect emigration business, which arrangement brought about normal conditions in the Hamburg passenger traffic. The Carr Line withdrew from the trade in 1888 and the four steamers it owned at that time were bought by the Packet Company. The Sloman wing of the Union Line thereafter continued the service as the Sloman Union Line under the agreement made in 1886 and under which it has been operating ever since. A service to Baltimore was established by the Packet Company in 1888 and another new line to Philadelphia in 1889, while the service of the Hansa Line to Montreal and Boston, which had been established as far back as 1881 and was competing with the various services of the Packet Company, was absorbed by the latter in 1891, thereby avoiding a costly warfare.

In order to operate the cabin passenger traffic more profitably an understanding was also reached with the North German Lloyd whereby all the cabin passenger business between Hamburg, Bremen, Southampton and New York in both directions was divided on an agreed basis. On January 19, 1892, the Nord-Atlantischer Dampfer Linien Verband (North Atlantic Steamship Lines Association) was formed. The steamship lines forming this Association were originally the Hamburg-American Line, the North German Lloyd, the Holland-America Line and the Red Star Line. This agreement divided the total number of steerage passengers forwarded by these lines in the course of a year to and via the United States and Canada on the basis of an agreed percentage, which percentage was amended in 1909. The agreement furthermore embraces an eastbound pool, in which the Compagnie Générale Transatlantique (French Line) and the American Line participate. A further agreement commencing January, 1903, between the Steamship Association and the French Line covers the westbound steerage traffic, so far as the latter is concerned, and especially reserves the port of Havre both for freight and passenger business to the French Line. Further agreements both eastbound and westbound were finally concluded between the lines composing the Steamship Association and the British Lines, as well as the Canadian Pacific Railway Company, covering the steerage traffic and fixing a minimum for second- as well as first-class passengers. On March 10, 1894, the Hamburg-American Packet

Company, the North German Lloyd, the Holland-America Line and the Red Star Line also entered into a contract comprising the total freight traffic of these companies from ports of the North German seacoast, Holland and Belgium to ports of the United States. In this contract it is stated that "the purpose of this agreement is to bring about a mutual understanding regarding freight rates to be maintained on a corresponding basis and to preserve to each separate company its share of the total income from the freight traffic." The total freight receipts were divided in accordance with fixed proportions stipulated in the contract.

The importance of these agreements to the lines concerned will be readily recognized and they have operated during their existence not only to the advantage of the steamship lines themselves, but have proved most beneficial to the traveling and shipping public. In solving a problem of the greatest importance it has enabled the lines to provide their services with the highest and most efficient type of steamers, and increasingly to furnish accommodation to all classes of passengers such as has never been seen before. The Hamburg-American Line found itself compelled to give notice to terminate on December 31, 1913, the steamship agreement covering the steerage traffic. While this action led to some disturbance in the steerage passenger traffic, a truce has been declared and the lines will undoubtedly renew their pact on terms mutually satisfactory to all. At any rate it has been the means of bringing the two big German companies, the Hamburg-American Line and the North German Lloyd, closer together. They have concluded an agreement under which they will for the next fifteen years participate equally in the total results of their respective companies' business in the North American trade.

Another important event, which occurred in 1902, should be chronicled. When the late J. Pierpont Morgan was forming the combination of steamship companies which were finally brought under one corporation, the International Mercantile Marine Company, he made strenuous efforts to include the two German companies, but the Hamburg-American and the North German Lloyd resisted successfully, with the result that in the end these companies concluded an offensive and defensive alliance with the International Mercantile Marine Company, including a stipulation that the latter could not send any of its ships to German ports without the consent

of the two German companies. A reciprocal sharing of profits between the three companies was added, and although the contract was concluded for twenty years, it was abrogated by mutual agreement and ceased to exist December 31, 1911.

Bremen had the earliest steamship communication of any of the continental ports with the United States, as in 1845 our postmaster general contracted with Edward Mills for four ships and twenty trips a year from New York to Bremen and Havre, for which service he was to receive an annual subsidy of \$400,000. On February 20, 1857, the North German Lloyd was founded and four large steamers were ordered to be constructed in England and Scotland, thereby furnishing a regular fortnightly service to New York. The company maintained this fortnightly service until 1867, when the great increase in the traffic made it necessary to establish weekly sailings. In the meantime a new line was opened to Baltimore in 1866 and another service to New Orleans was inaugurated in 1869, transferred eventually in 1884 to Galveston. When celebrating its twenty-fifth anniversary on February 20, 1882, the Lloyd owned 29 trans-Atlantic steamers and was already at that time the fourth largest steamship company in the world. The Lloyd's traffic and services expanded in all directions and while it has been less subject to attack on the part of new enterprises than most of the lines serving other ports, it is worth stating that as early as 1866 Rüger Brothers of New York started the North American Lloyds with three steamers under the American flag and running from New York to Bremen via Southampton. This undertaking was not successful, but in the following year Rüger Brothers made a second attempt under the name of the New York & Bremen Steamship Company, with the same steamers and with the same unsatisfactory result. Again they started another line the following year, operating five chartered steamers between New York and Bremen, calling at Southampton and Havre, but the ships proved too costly and the service was therefore abandoned. It should be added that, since Bremen depends largely upon the hinterland for its support of both passengers and cargo, the North German Lloyd was at all times in strong and active competition with the services running from the other continental ports until the culmination of the various agreements, already referred to when discussing the position of the port of Hamburg.

The initiation of regular steam communication with the port of Rotterdam practically occurred on May 1, 1873, on which date the Netherlands American Steam Navigation Company, now generally known as the Holland-America Line, was incorporated. It succeeded the limited partnership of Plate Reuchlin and Company, a private firm which a few years earlier had started a service to New York with two steamers, which were taken over by the new company. With them a monthly service was maintained by the company until two new steamers were constructed, whereupon a fortnightly service was inaugurated. The early years of this company's history were most trying and business proved to be so unprofitable that in 1876 it was decided to write off 50 per cent of the share capital. In the meantime Amsterdam, anxious not to be outdone by its neighboring port, had made several attempts to establish itself in the American trade. In fact as early as 1874 two large steamers were especially constructed by the Royal Netherlands Steamship Company for the Amsterdam-New York trade, and they are stated to have been amongst the most luxurious and up-to-date vessels of their time. A complete depression in the American trade both in the cargo and passenger traffic, however, coincided with the delivery of these new steamers from their builders and they were never entered in the trade for which they were constructed. The vessels were finally sold at a heavy loss in 1879 and found suitable employment in the French Line's service from Marseilles to New York.

The revival of trade with America in 1881 created again the desire for the establishment of a regular line of steamers between Amsterdam and New York and a combination of Dutch commercial houses guaranteed to share in any loss up to \$40,000 per annum for two years, on the understanding that the Royal Netherlands Steamship Company would furnish at least 17 sailings a year, and with this subsidy the line was inaugurated. A three-weekly service was maintained in 1881 which the year following was increased to a sailing about every week or ten days, the service employing six steamers in all. The results of the second year's operation, however, were scarcely as satisfactory as those of the preceding year, and the Holland-America Line having decided to establish a line from Amsterdam, an arrangement was reached between this company and the Royal Netherlands Steamship Company, by which the

latter agreed not to send any of its steamers to New York on their own account. Two of its steamers remained in the service of the Holland-America Line for some time, but the depression in the trade to America which commenced in 1882 became so acute in the following year that, after several unprofitable voyages, the Royal Netherlands Steamship Company entirely abandoned its connection with the United States trade in 1883.

The North American Transport Line—Loch Line—started an opposition service from Rotterdam to New York on March 15, 1893, but discontinued it on June 16, 1894, the Holland-America Line taking over the outstanding contracts of the Transport Line. This company again resumed its operations in 1895, but the business proving entirely unsatisfactory, discontinued the service in July, 1897.

On February 2, 1900, Wm. H. Muller and Company and Thomas Ronaldson and Company, Ltd., jointly started a line from Rotterdam to Boston, which in May was changed to the Holland-Boston Line. Regular sailings were maintained by this line until February 9, 1904, when the service was taken over by the British and Continental Shipping Company, but this company was forced to discontinue its operations in December, 1905.

In the meantime the Cosmopolitan Line had been formed by Peter Wright and Sons, of Philadelphia, with the support of the Philadelphia and Reading Railway, and a regular service was maintained between Philadelphia and Rotterdam, mainly with steamers taken for a long period on time charter. The capital of this American company was soon wiped out and the owners of the chartered steamers, a Danish concern, assumed the service. In 1907, however, the Holland-America Line started a Philadelphia service and the competition between these two lines reached such an acute stage that the Danish owners had eventually to go into bankruptcy with the result that in 1909 the Cosmopolitan Line service was taken over by the Holland-America Line.

A new competition from New York developed in 1907 when the New York and Continental Line established regular sailings. This service was assumed in 1909 by the North West Transport Line which changed its name in 1910 to the Uranium Steamship Company. It has maintained throughout a fairly regular freight and passenger service between Rotterdam, Halifax and New York and is still engaged in the same.

One of the early services interested in the trade with Holland was the Neptune Line, which operated from Baltimore in connection with the Baltimore and Ohio Railroad and was controlled by W. and T. W. Pinkney of Sunderland. Although they constructed steamers especially fitted for the trade in which they were employed, they were unable to maintain themselves during the long period of depression in the freight market, and, in 1904, the service and the boats passed into the hands of Furness, Withy and Company, Ltd., who in 1909 transferred their interest to the Holland-America Line.

The Russian East Asiatic Line calls occasionally at Rotterdam with cargo, when the latter is not obtainable to Russian Baltic ports, its final destination, and under an agreement entered into with the Holland-America Line maintains the rates established by that service. The Gans Line also despatches sporadically chartered tramp steamers to Rotterdam, but must procure its cargoes in strong competition with the other lines. The Holland-America Line now maintains a weekly passenger, mail and freight service from New York, which is composed of the highest type of combination cargo and passenger steamers, and in addition to the services already mentioned from Philadelphia and Baltimore also operates a service from Norfolk and Newport News, started in 1899, and from Boston, inaugurated in 1910. It also took over in 1911 the Burg Line's Rotterdam-Savannah service.

Antwerp had its first regular steamship service to New York in the White Cross Line which was established in 1872 by a combination of private ownerships and limited itself to the carrying of cargo only. The Red Star Line was originally started in 1873 from Philadelphia by a group of American capitalists operating under the Belgian flag, but they soon added a service from New York for which they received a subsidy of \$100,000 from the Belgian government. Although the White Cross Line had a number of mishaps, and was to that extent unfortunate, it was the strong competition with the Red Star Line which finally induced the controlling interests to withdraw the line in 1889, the steamers being sold to other owners. The Wilson Line, which established a service from Hull to New York in 1875, took up the Antwerp service in 1891, but the trade did not prove attractive and it was abandoned towards the end of 1895, whereupon two Liverpool ownerships, the British Ship Owners Company, Ltd., and Rankin, Gilmour and Company, took over the

service and established the Phoenix Line. Although operating in opposition to the Red Star Line, the two services did not compete seriously with each other and it was generally recognized that the Phoenix Line was working under an agreement under which it was allowed to charge a somewhat lower rate than the Red Star Line. The Liverpool owners remained in the Antwerp trade until 1911, when the Phoenix Line arranged with the International Mercantile Marine Company, of which the Red Star Line is a branch, to furnish it with the tonnage needed for the service. The Red Star Line had in the meantime established services from Baltimore and Boston and quite recently from the Virginia ports. The Leyland Line, a subsidiary of the International Mercantile Marine Company, has a service from Antwerp to New Orleans, while the Castle Line, an entirely independent concern, has regular despatches from Antwerp to Galveston. It will be seen that with this one exception the Red Star Line is in absolute control of the trade between Antwerp and the United States.

With the development of steam navigation and the increased movement of emigrants regular steam communication was established from the less important ports of Europe, largely with New York, and gradually with the other ports of the Atlantic seaboard. Glasgow had the Anchor and Allan Lines as early as 1856, to which was added the State Line in 1873. But after struggling for 17 years the State Line collapsed and its boats passed into the hands of the Allans. A second Great Western Steamship Company was formed at Bristol in 1872 and eventually had a weekly line to New York, but when the hard times of 1873 came the boats were sold at a heavy loss. The Bristol City Line was established in 1878 with boats suitable to go up the River Avon as far as the city docks, the Great Western Steamship Company having transferred its service to the Avonmouth docks, nine miles below Bristol City, when these docks were opened. This service is still running with very small boats, the only ones able to go to Bristol City proper. In 1873 the South Wales Atlantic Steamboat Company was formed at Cardiff to run to New York, and the Marquis of Bute was one of its largest shareholders. Although he supplied them with coal gratuitously and no dock dues were charged at Cardiff, the company gave up the service after a trial of two years.

The establishment of the Wilson Line from Hull in 1875 has

already been referred to and its maintenance is largely due to the many services which the Wilsons operate from Hull to other European ports, especially those of the Baltic. Leith and Newcastle made several attempts to run freight lines to New York, but they failed; and Leith is now being served by the ports of Philadelphia and Baltimore. Havre, as the leading French port, had its regular steam connection as early as 1850 when the New York & Havre Steam Navigation Company, under contract with the United States government conducted its service with two steamers. The contract with the government which expired in 1857 could not be renewed, but having two new boats on its hands the company attempted to run the service without a subsidy, with the result that after a short trial period the line had to be abandoned.

The Hamburg-American Line made Havre its port of call as early as 1856 and continued to touch there for many years thereafter. In 1862, however, the Compagnie Générale Transatlantique was formed and in the seventies and early eighties of the last century the Merchants Express Line, composed of two Danish owners, operated a freight service from New York to Havre. The vessels, however, were too small for the trade and when hard times came were withdrawn. In recent years the Barber Line has been serving Havre with freight boats, stopping there at more or less regular intervals. A line from Bordeaux was also established in 1880 but it had a most difficult career in spite of the support it received from the French government. After making strenuous efforts to maintain itself in the trade it eventually surrendered the same in 1908 to the French Line.

In 1879 the Thingvalla Steamship Company started a service with two steamers from Copenhagen and Christiania to New York. In 1881 three more steamers were added and the line was finally operated as the Scandinavian-American Line. It encountered opposition in the shape of the Stettin Lloyd, which was succeeded in 1886 by the Scandia Line, a branch of the Hamburg-American Line. The latter, however, eventually withdrew this line and transported its Baltic traffic via the main lines serving Hamburg from the various Atlantic ports. The Scandinavian-American Line now had a hard contest to obtain its traffic, because not only Hamburg but Bremen and Hull were competing for all goods destined to Baltic ports, and to save it from utter ruin the service was on October 1, 1898, taken

over by the United Steamship Company of Copenhagen, the largest Danish steamship corporation, operating branch services all over the Baltic. The other ports realizing that the new owners of the service would at all hazards maintain their position in the trade, an agreement was reached in 1905 between the Scandinavian-American Line, the Hamburg-American Line, the North German Lloyd and the Wilson Line, which is still in operation and which has been extended as new services have entered the Baltic trade.

To the Mediterranean ports not less than 15 different companies are engaged in the trade from New York, and after a period of strong competition they are now operating both eastbound and westbound either under a definite agreement or an understanding, which appears to prevent strong and suicidal competition between them.

Steamship Services Comprising Group II

The services composing group II differ materially from the European group, in so far that in most directions they must depend upon their earnings from the United States, and in all but one or two instances consist entirely of freight boats, although of an improved type. With the exceptions mentioned no direct passenger traffic exists and it does not appear probable even with the opening of the Panama Canal that conditions will change materially. As in the trans-Atlantic trade, steamship services followed the sailing vessel lines, when the latter ceased to respond to the requirements of the trade. The sailing vessels did not immediately surrender their field to the steamers, but continued to act as the transporters of the rough classes of cargo, of which the consuming countries were purchasing large quantities. However, in practically all the trades of group II there was an active warfare at one period or another between the different steamship services, the establishing of one service to certain ports only serving to attract others. Most of these new routes were developed at a time when the carrying trade was suffering from one of its many periods of depression and enterprising owners were prepared to risk their capital in the expectation of building up a profitable business eventually. The new-comer in a trade which was barely sufficient to supply cargo to those already engaged in the same was not readily welcomed, even when considered a strong and serious competitor, and in nearly all the trades of group II a

commercial warfare was waged, which but for the financial ability of those engaged in it would have nearly ruined them. The fate of the sailing vessels was therefore quickly settled, for the steamers, increasing in numbers in each of the trades and fighting with each other for such traffic as was available, brought their rates down below a sailing vessel basis, with the result that they quickly absorbed the cargoes on which sailing vessels had been depending, thus leaving them no other alternative than a complete surrender of the business.

Space does not permit a full discussion of the history of each service composing group II, and a short explanation of how the lines developed in each of the trades will answer the purpose of this article.

The first United States and Brazil Mail Steamship Company under the American flag was formed in 1864, and under its contract with the United States post office department was obliged to maintain monthly sailings from New York to St. Thomas, Para, Pernambuco, Bahia and Rio de Janeiro with vessels of not less than 2,000 tons, for which service it received an annual payment of \$150,000. This contract expired in 1876 and, although the company had also received a subsidy from the Brazilian government, it decided to withdraw from the trade and the vessels were sold to the Pacific Mail Steamship Company. The second United States and Brazil Mail Steamship Company was formed in 1883 with a capital of \$1,250,000, and started a service from New York to Buenos Ayres and Rio de Janeiro, receiving from the Brazilian government a subsidy of about \$100,000 per annum and from the United States a payment for the mail actually carried. For many years the business of the company did not enable it to pay its debts, with the inevitable result that it failed in 1893. In July, 1889, the Sloman Line inaugurated a service to Brazilian ports, followed in 1893 upon the failure of the United States and Brazil Mail Steamship Company by a service of the Lamport and Holt Line. The Prince Line entered the trade in 1895 and these three services were actively competing for the business until 1901, when they came to an agreement. The Sloman Line was succeeded in 1903 by the Union Company, and the latter again in 1907 by the joint service of the Hamburg-South American Steam Navigation Company and the Hamburg-American Line, which although at first prepared to continue the traffic and

pooling agreement entered into in 1901, soon had serious differences and a disastrous rate war followed, so much so that each interest endeavored to inflict the greatest possible injury to the other in its various spheres of operation. When peace was finally declared the three lines entered into another reciprocal agreement, under which they were operating until 1913. The Tweedie Trading Company also entered into competition with the established lines to Brazilian ports in 1903 and until 1906 maintained a sporadic service with chartered boats, but discontinued when in 1906 the Lloyd Brazileiro, heavily subsidized by the Brazilian government, commenced to run steamers to New York.

Norton and Son had sailing vessels running to the River Plate as early as 1848, but it was not until 1892 that regular steamship communication was established by the inauguration of a service by the Norton Line. In the autumn of 1893 the Lampert and Holt Line started a service to the River Plate and worked on amicable terms for a year with the Norton Line. Then the Prince Line put on a direct service and a rate war ensued, which lasted 18 months and which culminated only after the resources of the lines had been severely taxed. The Plate conference was formed in 1895 and was maintained until August, 1899, when the Houston Line entered into competition. This line was taken into the conference without a fight. In the latter part of 1904 the Barber Line, backed by two Liverpool owners, commenced to trade to the Plate, and joined in 1905 by the American Rio Plata Line, the two continued to operate in opposition to the other services. Competition between these services was very keen for many years, but for the last two years all the lines to the Plate appear to be coöperating under a friendly agreement. To the west coast of South America the Merchants' Line (New York and Pacific Steamship Company) of W. R. Grace and Company and the West Coast Line, of Wessel, Duval and Company, have had practical control of the direct traffic for many years. Recently the New York and South America Line entered the trade, and while no agreements exist between these three lines they follow each other's tariffs very closely, the rates being generally determined by the Merchants' Line as the dominant carrier in the trade.

On April 27, 1883, Edward Perry and Company chartered a steamer to Shanghai or one or two ports in Japan, and this was the

first steamer to carry a cargo of general merchandise from the United States to the Far East. Edward Perry and Company repeated this operation until they established a fairly regular service, which was followed in 1887 by the Barber Line. The first regular line, however, to and from the Far East was created in the spring of 1898 by Sir T. B. Royden, of Liverpool, the Hamburg-American Line, and Rob. M. Sloman and Company, of Hamburg, jointly under the style of the United States and China-Japan Steamship Line. Edward Perry and Company decided to fight this service and for this purpose secured several boats on time charter, but competition bankrupted them in a short time. In 1902, however, the American-Asiatic Steamship Company and the American and Oriental Line started competing services which led to a serious rate war lasting until 1904, when a conference agreement was reached which has been continued until the present.

In the India trade, both outwards and homewards, the Hansa Line of Bremen and the Bucknall Line of London, under the trade name of the American and Indian Line, have always worked in harmony; while in the outward service to Java a joint line composed of the Hansa of Bremen and the German Australian Steamship Company of Hamburg is being maintained.

The Merchants' Line of sailing ships between New York and Cape Town, Algoa Bay, Port Natal and Delagoa Bay, was established in 1867 and maintained until 1893, when the American and African Line, comprising Donald Currie and Company and Bucknall Bros. of London, inaugurated steamer despatches. At the same time the Union Company of London and the Clan Line, then prominent in the African trade from the United Kingdom, established a steamship line from New York and the two services promptly formed a conference agreement, which although only of an oral nature at present has been continued ever since. The Hansa Line of Bremen started an African line in 1901 and after a violent, although short, rate war was admitted to the conference. The attempts a few years later on the part of the Prince and Houston Lines to secure a share of the African trade precipitated a spirited contest between these lines, and the conference but ended eventually in their being admitted to the conference.

In the Australian trade competition was especially severe and of long duration. Prior to 1898 this trade was in the hands of

several New York merchants, who despatched sailing vessels to Australasia until the appearance of the American and Australian Steamship Company, which established a monthly service and despatched its first steamer on May 19, 1898. The merchants in question immediately formed the United States and Australasia Steamship Company and a bitter rate war ensued, lasting until the early part of 1899, when an arrangement was reached between the two competing services. This agreement was mainly brought about by the appearance of the Tyser Line, which despatched a steamer on September 25 and another on November 4, 1898, and announced regular departures thereafter. The two older services then tried their utmost to drive the new-comer out of the trade. Early in 1900, however, they had a falling out with each other and each line operated independently until 1902, when all three services came to an understanding. In the meantime the freight war had been an extremely costly one, since rates were brought down periodically to \$2.50 per ton and less. In 1907 the Tyser Line, however, came to an arrangement with the German Steam Navigation Company, Hansa of Bremen, and the German Australian Steamship Company of Hamburg, and these three companies then formed the United Tyser Line, announcing departures on fixed sailing dates every three weeks, which measure disturbed the other two services considerably and put an end to the existing understanding. The two older services started to coöperate against the United Tyser Line and, while during 1907 rates were fairly well maintained, competition in the following year became much keener and rates again fell to ruinously low levels. This situation continued until the present conference agreement was started in January, 1909, and under its terms all three services are operating at the present time.

Steamship Services Comprising Group III

In the Caribbean trade the steamship services differ materially from those contained in the other two groups. Excluding the Canadian ports on the Atlantic coast, the West India Islands and the neighboring ports are our nearest foreign customers and our trade with them dates back to colonial days. The consuming ability of the West India Islands being limited, the smaller sailing vessels, especially the American schooners, were able to maintain their posi-

tion rather longer than in the trade of the other groups, but the sphere of their operations has gradually been diminished by the encroachment of vessels propelled by steam, especially those carrying cargoes of bananas, which developed as rapidly as the consumption of this fruit increased in the United States. Even today, however, small sailing vessels are still used for the transportation of rough goods and as regards ports where the facilities do not admit the rapid handling of cargo such as the steamers require. The nearness of the ports between which the steamers operate does not necessitate the great speed of the trans-Atlantic liners, and while the vessels employed have gradually increased in size and speed, they are only of moderate dimensions although quite sufficient for the present demands of the trade. In the winter season, also, some of the large trans-Atlantic liners have in recent years found profitable employment in making passenger cruises to some of the more attractive of the islands and to the Panama Canal, thus affording Americans the opportunity of visiting these interesting places under most agreeable conditions.

The trade to the Bermudas was initiated in 1868 and various attempts to run a successful steamship line to those islands failed utterly until 1873 when the Quebec Steamship Company entered the field and established a regular service. Several unsuccessful efforts were made thereafter by other lines to procure a share of the trade with the Bermudas, but the Quebec Steamship Company was strong enough in every instance to prevent its competitors from establishing themselves permanently in the business. Active opposition and severe competition, however, developed in 1908 when the Royal Mail Steam Packet Company of London arranged to place a fast passenger steamer on the route and when at about the same period New York interests formed the Bermuda Atlantic Steamship Company, which chartered a small but fast passenger steamer for the service. Ruinous competition followed which soon drove the Bermuda Atlantic Steamship Company from the field. At the end of the year a conference was arranged between the Royal Mail Steam Packet Company and the Quebec Steamship Company which resulted in having all rates restored to their former basis. The Bermuda government has quite recently entered into a ten-year contract with the Canada Steamship Lines, Ltd., to run a steamer weekly between New York and Bermuda of double the size of the

Bermudian, the largest boat of the Quebec Steamship Company, for which service the government of Bermuda will pay an annual subsidy of about \$80,000. The islands of Bermuda cover an area which is smaller in extent than Staten Island, while the resident population does not exceed 17,000 souls, and it remains to be seen whether the tourist traffic can be sufficiently developed to operate successfully, even with the subsidy in question, a steamer costing \$1,700,000, and to support at the same time the other two lines already established in the business.

The trade with Venezuela was inaugurated in 1877 by the Quebec Steamship Company, the steamers sailing every three weeks for LaGuayra and stopping at San Juan, Porto Rico, and St. Thomas. The subsidy which the Venezuelan government had paid to the Quebec Steamship Company was procured in 1879 by Mr. Boulton, who had been running fast sailing packets to Venezuelan ports. The Red "D" Line was formed and is today in practical control of the Venezuelan ports, having likewise secured under the postal aid law of 1891 special aid from the United States government for the transportation of the mail.

The Quebec Steamship Company after the loss of the Venezuelan subsidy continued the service to Porto Rico and the Windward Islands, increasing it gradually and making Trinidad its terminal port. Several opposition services were attempted, but failed, and at the moment this trade is divided between the Quebec Steamship Company, and the Trinidad Trading and Shipping Company, operating under a more or less comprehensive agreement.

In the Porto Rico trade the New York and Porto Rico Steamship Company occupies the most important position. As in almost every other trade it had to contend with many competitors, but in addition to the Red "D" Line, which calls at Porto Rico mainly with passengers, the Bull Insular Line serves the Island of Porto Rico. After a severe rate war these interests have quite recently come to a friendly agreement.

The trade to the Isthmus of Panama developed at an early date, influenced largely by the rush of passengers to the California gold fields. The United Mail Company was established in 1848 to meet the requirements of this traffic, and in the same year was followed by the Empire City Line, which put two vessels of about 1500 tons into service. These boats were bought in 1850 by the

Pacific Mail Steamship Company, likewise founded in 1848, and were employed on the Atlantic coast in opposition to the United Mail Company. The latter retaliated by starting a service on the Pacific coast in competition with the Pacific Mail. The struggle between these two companies finally ended in a purchase by the United Mail of the vessels engaged by the Pacific Mail on the Atlantic coast, the latter taking over the ships employed on the Pacific coast by the United Mail Company. The United Mail discontinued its service in 1859. Interests connected with the Pacific Mail Company constructed the railroad across the Isthmus of Panama, which was completed in 1855, and in the same year the Panama Railroad and Steamship Company started to operate both on the Atlantic and Pacific coasts in order to supply the railroad with the freight which it required for its successful operation. It is still engaged in this service, but the construction of the Panama Canal by the United States government attracted other steamship lines to this trade, and the Royal Mail Steam Packet Company, the Atlas service of the Hamburg-American Line and the United Fruit Company now maintain a most efficient and frequent service between New York and Colon. The Munson Line has also carried considerable freight from Baltimore to Colon intended for the construction of the canal. All these lines are apparently coöperating in a friendly spirit.

The Atlas service of the Hamburg-American Line and the Royal Dutch West India Mail also divide between themselves the trade to Hayti, while the important island of Jamaica is served by the Atlas Line, the Royal Mail Steam Packet Company and the United Fruit Company, operating together under a friendly agreement.

The shipment of bananas from the Caribbean countries has assumed important proportions. In the early eighties a trial with steam vessels was made and proved so successful that the schooners engaged at that time in the traffic were quickly driven out of the business. Competition between the various importers of bananas became exceedingly strong and the hazards of the business were such that it resulted in the end in an amalgamation of the different interests to such an extent that the banana trade is now practically in control of the United Fruit Company, a Boston concern organized in 1899. Its only serious rival is the Atlantic Fruit Company.

Of all the trade areas contained in group III the island of Cuba, the pearl of the Antilles, is the most important one, and its trade

with this country has vastly increased since it became an independent nation and closer relations were established with the United States. Passing over various enterprises undertaken by private firms between 1862 and 1865, a direct service was established in the latter year by the Atlantic Mail Steamship Company, which purchased several steamers owned by private firms, including some that had previously been running in the Havana trade. The line was maintained for about seven years, when competition and other causes put the company into bankruptcy and the vessels were sold to satisfy claims. F. Alexandre and Sons began to stop its steamships at Havana on the voyage to Mexico in 1869 and had several vessels in that trade. James E. Ward and Company, who had engaged in the West Indian trade since 1856, also established a regular steamship service to Havana in 1866, with two chartered vessels, but did not go into the regular passenger traffic with their own vessels until 1877. The rivalry between the Alexandre Line and the Ward Line became at that time very pronounced, and in 1881 the Wm. Cramp and Sons Ship and Engine Building Company constructed for the Alexandre Line a steamer, similar in style, power and dimensions to the best vessel of its competitor, in order to enter into strong rivalry with the Ward Line. The contract which the Alexandre Line had with the Mexican government for the carrying of the mail expired at that time and was not renewed. But having large freight contracts of some duration to fulfill the line chartered two foreign steamships to cover the same, sold one of its steamers to the Pacific Mail Steamship Company and two to the Ward Line, whereupon the Alexandre Line went out of business and the field was left entirely to the Ward Line. With the acquisition of the Alexandre Line the service of the Ward Line was extended and a number of ports were added to its itinerary both in Cuba and Mexico. In the meantime James E. Ward and Company had transferred their steamers and interest in the Cuban trade to the New York and Cuba Mail Steamship Company, which was incorporated under the laws of the state of New York in 1881. But in 1907 Charles W. Morse obtained control of the company and the New York and Cuba Mail Steamship Company of Maine was incorporated under the laws of the state of Maine.

The Ward Line developed rapidly with the increasing demands of its various trades, but it was not allowed to enjoy undisputed

possession of the ports with which its lines were connected. The Herrera Line was soon driven out of the trade by the superiority of the Ward Line, and the Johnston Line for Mexican ports, as well as the Larrinaga Line for Cuban ports, met the same fate. The Munson Line arrived at an agreement with the Ward Line for a territorial division of the business, and is still actively engaged in the Cuban trade. The Hamburg-American Line also began a service of high class steamers to Havana, but withdrew from it after a few months. At the present time the American and Cuban Line is in competition with the Ward Line, which may likewise be said of the direct service between New York and Santiago of the United Fruit Company and the Hamburg-American Line. The Spanish Line some years ago had an understanding with the Ward Line, giving the latter virtual control of the traffic, but this was abrogated and at the present time no agreements exist between the Ward Line and the other transportation companies engaged in the trade between American ports and ports in Cuba, Mexico and the Bahamas served by the Ward Line.

Summary

In the European trade, agreements between the representatives of the steamship lines in New York came into existence as far back as 1868; they adopted for their operations the title of "Conference," and with repeated modifications and additions these arrangements exist today divided into different groups and in accordance with the various trade requirements.

These conferences are intended to regulate both the passenger and freight traffic and in some instances include the fixing of minimum rate agreements. In many other cases, however, as, for example, in the Transatlantic Associated Freight Conferences and in the Caribbean Conference the declared object is the consideration and adjustment of all non-competitive matters appertaining to the lines' general interest, which shall simplify the conduct of the business and the relations between shippers and their representatives and the connecting carriers.

In the "long voyage group" committees have been formed at New York at various periods to carry into effect the arrangements which the respective principals have entered into between themselves. The New York committees administer the traffic from the

United States in their respective trades under instructions received from their principals, and while in some services the New York committee has full authority to regulate freight rates as its best judgment may dictate, in others it has instructions to confer on such matters with the head offices.

The historic development of the different lines composing the three groups demonstrates conclusively that they had to contend at various periods with determined competition, which brought about expensive and sometimes disastrous rate wars, but which in the end always resulted in the disappearance of the competition, the absorption of the weaker concern, or a friendly agreement between the opposing lines. It was never the purpose in all these fights to control particular branches of trade, but the process of fusion is one that is proving irresistible in various industrial undertakings and in the steamship trade prevents disturbances and cut-throat competition. Unsettled traffic conditions are demoralizing and destructive and disorganize rather than help trade. They are extremely costly to the steamship companies, nor do they offer to the individual shipper or to the companies a permanent advantage. Those engaged in the steamship trade are not governed by altruistic motives. As is the case with all business men self-interest will influence their actions, but in the end it is the aim and purpose of every service further to develop and increase its business and to accomplish this aim the closest coöperation with its constituents, the shipping public, is absolutely essential. The phenomenal increase in the size and number of the steamers employed by practically all the lines engaged in the American foreign trade and their superior efficiency are the best evidence that the steamship lines have been guided by this consideration during the many years of their existence.